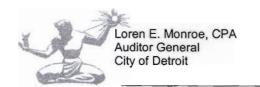
# **City of Detroit**

## OFFICE OF THE AUDITOR GENERAL



Audit of the Buildings and Safety Engineering Department Licenses and Permits Division Cash Controls

March 2006



#### **MEMORANDUM**

DATE:

July 12, 2006

TO:

Honorable City Council

FROM:

Loren E. Monroe

**Auditor General** 

RE:

Audit of the Buildings and Safety Engineering Department

one E Monroe

Licenses and Permits Division – Cash Controls

C:

Mayor Kwame M. Kilpatrick

Amru Meah, Director

Attached for your review is our report on the audit of the Buildings and Safety Engineering Department Licenses and Permits Division – Cash Controls.

This report contains our audit purpose, scope, objectives, methodology and conclusion; status of prior audit findings; background; audit findings and recommendations; other finding; and the response from the Buildings and Safety Engineering and Finance Departments.

We appreciate the cooperation and assistance that we received from the employees of the Buildings and Safety Engineering Department.

Copies of all of the Office of the Auditor General's reports can be found on our web site at www.ci.detroit.mi.us/legislative/CharterAppointments/AuditorGeneral.

# Audit of the Buildings and Safety Engineering Department Licenses and Permits Division – Cash Controls

#### March 2006

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#### AUDIT PURPOSE, SCOPE, OBJECTIVES, METHODOLOGY AND CONCLUSIONS

#### **AUDIT PURPOSE**

The audit of the Licenses and Permits Division of the Buildings and Safety Engineering Department (BSED) was performed in accordance with the Office of the Auditor General's (OAG) Charter mandate to investigate the administration and operation of any City agency and report findings and recommendations to the City Council and the Mayor.

AUDIT SCOPE
The OAG performed an assessment of the cash handling and safeguarding practices of the Licenses and Permits Division (Division) of BSED for the period from December 2004 through February 2006. We focused our audit on the weaknesses discovered during the assessment and the status of prior audit findings. Our assessment included the Division's compliance with Finance Directives.

Our audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, except for the completion of an external peer review of the Office of the Auditor General within the last three years.

#### **AUDIT OBJECTIVES**

The objectives of the audit were to:

- Assess the Division's internal controls related to the processing and safeguarding of cash (both currency and checks);
- Determine whether the Division is in compliance with policies, procedures and Finance Directives regarding the processing and safeguarding of cash;
- Determine the total amount of funds stolen from the Division in December 2005:
- Determine whether the loss would have been mitigated if effective internal controls had been in place and complied with; and
- Determine whether the Division implemented the prior audit recommendations or otherwise resolved the findings.

#### **AUDIT METHODOLOGY**

To accomplish the audit objectives, our audit work included:

- Review of prior audit reports, City directives and policies and procedures;
- Interviews with appropriate BSED management and personnel to gain an understanding of the department's internal control structure:
- Review of the Division's written policies and procedures for processing and safeguarding cash and for processing returned checks;
- Analysis of cash logs and deposit records;
- An evaluation of the Division's internal controls over cash; and
- Observation of the cash handling process.

#### CONCLUSIONS

As a result of our audit, we have determined the following:

- The internal controls related to the processing and safeguarding of cash were not adequate to safeguard cash.
- The Licenses and Permits Division of BSED did not always comply with Finance Directives 18 and 20 regarding the processing and safeguarding of cash. The Division did not always deposit cash within 48 hours of receipt.
- The total amount stolen in the December 2005 theft from the Division was \$40,621.
- The Division's failure to comply with Finance Directives 18 and 20 increased the amount of the loss from the December 2005 theft by \$29,280.
- The Division has only partially implemented the prior audit recommendations or otherwise resolved the prior findings.

During the course of our audit we also determined that the Treasury Division of the Finance Department failed to comply with Finance Directive 16, which requires the Treasury Division to promptly provide, to each department or division, all checks returned to the City by the bank. This failure exacerbated the amount of the loss in the theft from the Division in December 2005.

#### STATUS OF PRIOR AUDIT FINDINGS

Two previous audits of the Buildings and Safety Engineering Department by the Office of the Auditor General included findings and recommendations related to internal controls over cash handling and safeguarding practices, and compliance with Finance Directives regarding cash matters. Those findings were:

- 1. A Mail Register Is Not Maintained for Cash Received in the Mail (June 30, 1994)
- 2. Receipts for Cash Are Not Periodically Accounted For (June 30, 1994)
- 3. Checks and Cash Are Kept in Unlocked Boxes in a Storage Room Without Limited Access (June 30, 1994)
- 4. The Need to Improve Control over Mail Receipts Including (September 2000):
  - a. Checks Not Being Deposited within 48 Hours;
  - b. Checks Not Immediately Endorsed "For Deposit Only"; and
  - c. Checks Delivered to Other Divisions for Processing;

We have reviewed the status of these findings and determined that:

- Finding 2 is no longer applicable because the Licenses and Permits Division has eliminated the use of manual receipts.
- Finding 3 has been resolved. The recommendation to keep checks and cash in a safe or in an area with restricted access was implemented.
- Finding 4b has been resolved. Testing and observation of the processing of checks confirmed that all checks and money orders are immediately endorsed "For Deposit Only" upon receipt.
- All other prior findings were not resolved, however, they are addressed in this report.

#### **BACKGROUND**

The Buildings and Safety Engineering Department (BSED), which was established by the Detroit City Charter of 1918, is an agency of the City of Detroit. Its purpose is to provide for the safety, health and welfare of the general public as it pertains to buildings. BSED enforces zoning and construction codes that control the erection, alteration, use and maintenance of new and existing buildings and structures. The Department issues permits and monitors construction and use through inspection services.

The functions of the BSED Licenses and Permits Division (Division) include: billing, collection and accounting for funds associated with department operations; management of the insurance and rent escrow payments; issuance of professional licenses and renewal notices; issuance of permits; acceptance of payments for licenses and permits including those issued by Inspection Services; processing of new and renewal applications for several business licenses; collection of delinquent license fees; and identification of new businesses.

BSED uses Tidemark, a permit and license tracking software system. The system, which was implemented in 1998, tracks activity by customer name, address or location, case number, and type of service. The system also has a cashiering module that is used to track all cash received and a scheduling module used to schedule inspections. The Tidemark system is not integrated with the Detroit Resource Management System (DRMS), the City's financial accounting system.

On January 4, 2006, the *Detroit Free Press* reported that at least \$20,000 had been stolen from the cashier's room of the Buildings and Safety Engineering Department sometime between December 27, 2005 and early January 3, 2006. On January 4, 2006, the Office of the Auditor General notified the Director of the BSED that an audit would be commenced upon completion of the Detroit Police Department's investigation of the theft.

#### FINDINGS AND RECOMMENDATIONS

#### 1. Theft of Cash Receipts Totaled \$40,621

Sometime between December 27, 2005 and January 3, 2006, the safe in the cashier cage of the Buildings and Safety Engineering's (BSED) Licenses and Permits Division (Division) was broken into. The safe contained the cash receipts for three days (December 20 through December 22, 2005) as well as cash receipts that had been received to redeem checks that had been returned by the bank for insufficient funds, closed accounts or stopped payments. Both checks and currency were stolen; all checks except one were recovered from trash containers in the building. The Division estimated that a total of \$39,442 was stolen. Based upon a review of the methodology used to develop this estimate and the underlying documents, we have determined that \$40,621 was stolen.

Several factors contributed to the loss:

- Cash receipts were not deposited within 48 hours of receipt and had been allowed to accumulate for three days in violation of Finance Directive 20.
- Cash for redeemed returned checks had been allowed to accumulate for six months in violation of Finance Directive 20.
- Although the Division's cashier operation had been scheduled to be shut down
  during the last two weeks of the year, the Division had not made arrangements to
  transfer the cash receipts to a more secure location such as the large walk-in
  cash vault in the Treasury Division. The Division did not make special
  arrangements to ensure that all cash receipts were deposited prior to the holiday
  break.
- The physical security of the cashier's cage and safe were inadequate.
- The cashier operation had been scheduled to be shut down during the last two
  weeks of the year. Subsequently it was decided to keep the operation open on a
  limited, non-cash basis since there was an insufficient number of cashiers
  available to support normal operations.

If deposits for both the daily receipts and the redeemed checks had not been allowed to accumulate, the loss would have been limited to \$3,594, which represented the cash receipts collected on December 22, 2005.

Cash should be safeguarded to minimize the risk of theft. The amount of cash on hand should be minimized in order to reduce the impact of any thefts or defalcations.

#### Recommendations

We recommend that cash receipts be deposited daily and that it be kept in a secure location. We also recommend that cash received to redeem returned checks be processed daily along with the daily cash receipts.

#### 2. Deposit All Cash Within 48 Hours of Receipt

The Division did not routinely deposit cash receipts (currency, checks and money orders) within 48 hours as required by Finance Directives 18 and 20. Testing of cash receipts for six months of calendar year 2005 showed that the percentage of deposits not in compliance with Finance Directives 18 and 20 ranged from a high of 71% for April 2005 to a low of 45% in March 2005. Some daily receipts were held as long as five business days before deposit with the Treasury Division. During December 2005, deposits were not made within 48 hours of receipt on 13 of the 16 business days preceding the theft of funds from the Division.

The Division receives cash receipts totaling between \$80,000 and \$150,000 on a daily basis through its cashier operation and by mail. For three to six days during the year, receipts for a single day may reach \$600,000. The amount held in the Division can exceed \$700,000 when funds are allowed to accumulate for two or more days.

According to Division management, it is not always possible to process and deposit receipts within 48 hours due to the large volume of transactions requiring processing. Each receipt must be processed through two modules of the BSED Tidemark computer system, the monetary module and the customer module, in order to be credited to the customer's account, and must also be processed through the Detroit Resource Management System (DRMS). Based upon our observations and analysis, normal processing requirements do not prevent the deposit of cash receipts with the 48-hour requirement. There was, however, a lack of supervisory and management oversight of cash processing which resulted in the frequent violation of Finance Directives 18 and 20.

Cash receipts are susceptible to loss, theft and misappropriation when they are not deposited on a timely basis.

Finance Directives 18 and 20 require the deposit of City cash receipts within 48 hours of receipt unless a City agency obtains a waiver of this requirement from the Finance Department.

#### Recommendation

We recommend that the Department comply with Finance Directives 18 and 20 and deposit all cash receipts within 48 hours of receipt.

#### 3. Establish a Procedure to Receive and Record All Cash Received Via U. S. Mail

The Division does not routinely record cash received via U.S. mail on a mail log. Division personnel open and sort the mail, and restrictively endorse checks and money orders. Currency is not received by mail. The Division receives between 60 and 80 checks and money orders by U.S. mail on a typical day, excluding days when the results of the bulk billings are received, totaling between \$20,000 and \$40,000. Some checks and money orders, along with permit and license applications or other documents, are forwarded to other divisions of the BSED for processing. The Division does not keep a record of these checks and money orders, therefore the Division cannot determine if or when they are returned for processing.

Checks and money orders that remain in the Division are given to the supervisor who counts the number of checks and money orders, and totals the dollar amount before distributing them to Division personnel to post to the customer module of the Tidemark system. After completing the posting process, each staff person provides the supervisor with the number and total value of checks and money orders that they have posted. The supervisor totals the individual counts to determine if all the checks and money orders distributed for posting have been returned by comparing the total to the supervisor's count and total dollar amount calculated prior to distribution. Any discrepancies are researched and resolved before the checks and money orders are given to the cashiers for posting to the monetary module of the Tidemark system. This process is usually completed within 48 hours of receipt of the checks and money orders.

The Division creates mail logs only when the mail volume is unusually heavy which occurs for approximately two to four weeks each year. The Division's batch invoicing results in as many as 30,000 invoices being mailed during this period, with return mail exceeding 1,000 pieces per day. The logs contain the name of the remitter, the check number and amount, the type of payment and the case number.

Division management stated that the use of a daily mail log would slow the processing of the normal daily receipts and delay the depositing of funds.

Failure to record all cash receipts in a mail log significantly increases the risk that cash will be lost, misappropriated or not deposited promptly. It also diminishes the accountability for cash received and weakens the ability to verify receipt of individual items and the completeness of mail receipts at any point in time. Failure to create a record of checks and money orders sent to other areas of BSED for additional processing prevents the Division from maintaining any control over these funds, including the ability to determine if and when the checks and money orders have been returned to the cashiers for processing and deposit.

An effective internal control system over cash receipts includes maintaining a mail log that records cash that is received via U.S. mail so that receipts can be traced to deposit and customer records.

#### Recommendations

We recommend that a mail log be maintained for all cash received via U.S. mail. The log should include the payer's name, check number and amount, date received, purpose or case number, and forwarding division information, if applicable. Processing mail receipts through a third-party lock box service should also be considered. A lock box

arrangement would provide for faster deposit of funds and reduce the risks associated with processing and safeguarding cash. Both the Treasury Division and the Income Tax Division of the Finance Department utilize lock box arrangements with local banks.

We also recommend that the Division separate all cash receipts from license and permit applications or other documents that are forwarded to other areas of BSED for processing, and that the Division safeguard the cash receipts until processing is completed. Management should periodically review the mail log to ensure these cash receipts are not being held longer than necessary.

# 4. <u>Strengthen Physical Controls Over Cash and Implement Additional Security</u> Measures

BSED has not provided the physical safeguards necessary to adequately safeguard cash. The Detroit Police Department conducted a vulnerability assessment after the December 2005 theft of funds from the cashiers' cage. The assessment noted the following security weaknesses in the area and the equipment used to process and store cash. Departmental and Division personnel were unaware of these vulnerabilities.

- The construction of the Division's cashiers' cage does not provide adequate safety for the handling and processing of cash.
- The Division's safe was inadequate for storing cash overnight.
- Security training had not been provided to Division personnel.
- A security expert had not evaluated the cashiers' cage and security equipment to determine their adequacy prior to the December 2005 theft.

Poor physical security increases the risk of loss through internal or external theft, burglary, and vandalism, and increases the risk to personnel of violence and other crimes.

Executive Order No. 12 directs all department directors and agency heads to review current security measures at department and agency work sites, and to implement changes to make such work sites safer for City employees, customers and visitors. Prudent fiscal management requires that all assets, especially cash, be safeguarded and that opportunities for loss be minimized.

#### Recommendations

We recommend that the Division implement the specific security improvements outlined in the vulnerability assessment prepared by the Detroit Police Department including improvements to the construction of the cashiers' cage; installation of security cameras; upgrading of safe equipment; improved management of keys, combinations and access codes; and the use of alternative sites for the safekeeping of large amounts of cash over extended periods.

We also recommend that security training be provided on an ongoing basis to all personnel who are involved in cash handling and processing.

#### 5. Develop Written Procedures for Processing and Safeguarding Cash

The Division does not have written procedures for processing or safeguarding cash receipts. The Department had not given the development of written procedures a priority status prior to the December 2005 theft.

The lack of adequate written procedures results in inconsistent practices, errors in processing transactions, and a lack of control over cash receipts. Accountability is weakened without documented procedures. The lack of detailed written procedures weakens accountability for key responsibilities involved in processing and safeguarding cash receipts.

Good management practices require that there be written procedures to establish standards and define accountability.

#### Recommendations

We recommend that written procedures be developed for all critical activities within the Division, particularly for those relating to the processing and safeguarding of cash.

#### 6. Revise Procedure for Processing Redeemed Returned Checks

The Division did not deposit cash received to redeem returned checks within 48 hours and allowed these funds to accumulate for a period of several months. The accumulation of redeemed check funds held in the safe increased the amount of the loss due to theft by \$29,280. The Division did not provide control over the cash receipts and failed to provide for the safeguarding of the cash prior to deposit.

The bank returns checks deposited by the Division under the following conditions: insufficient funds; payment has been stopped; or the remitter's account has been closed. The Finance Department's Treasury Division (Treasury) receives the checks from the bank and subsequently notifies the department. Finance Directive 16 requires Treasury to notify departments daily of checks received back from the bank. However, Treasury only notifies the Division of accumulated returned checks every three to five months. The Division prepares journal entries to reverse the receipts in DRMS, notes the returns on the customers' records and attempts to collect the amounts owed (redeeming the checks). Until November 2005, when a software upgrade to the Tidemark system was installed, the Division had no way to reverse the returned checks from customer records.

The Division's process to redeem a returned check and have the hold on the customer's account released required that the customer bring in currency, a bank check or a money order in the amount of the dishonored check plus a \$35 fee. These funds could not be processed in the normal manner because the original cash receipt had not been reversed from the customer's record in the Tidemark system. Consequently the redeeming funds were set aside and processed separately when a number of them had been accumulated.

The Division had accumulated \$29,280 in redeemed and unprocessed proceeds as of December 22, 2005, which was the last day in 2005 that cash was scheduled to be processed and deposited. This represented redemptions from mid-July through December 2005.

Although it was the practice of the Division to process and deposit the proceeds of redeemed checks whenever there was an accumulated amount, neither management nor supervision verified that the practice was being followed. The Division's inability to reverse fees from the customers' accounts contributed to the problem because redeemed check proceeds could not be included in the normal daily processing. The Division did not enter cash into the financial system when received and no systematic record of the amounts received were developed between the time the cash was received and the time it was processed for deposit. Cash was held in the safe for an extended period of time increasing the possibility of loss or theft. Controls over the redeemed check proceeds were virtually nonexistent.

The failure to process the redeemed check proceeds in a timely manner increases the possibility of theft or loss as well as a loss of interest income. It also increases the potential loss as was the case in December 2005 when the accumulation of redeemed check funds held in the safe increased the amount of the loss due to theft by \$29,280.

All cash should immediately be entered into a financial accounting system upon receipt and deposited within 48 hours of receipt as required by Finance Directives 18 and 20.

#### Recommendations

We recommend that the Division develop and implement a procedure for processing redeemed check proceeds on a daily basis, and that written procedures be developed to document the process.

#### **OTHER FINDING**

#### 7. Non-compliance of Treasury Division with Finance Directive 16

The Treasury Division of the Finance Department does not comply with Finance Directive 16 which specifies the procedure for handling dishonored (returned) checks. Finance Directive 16 specifies that the Treasury Division (Treasury) will contact each agency, department or division to notify them of the returned dishonored checks daily. Our analysis disclosed that Treasury sends returned checks to the Division three to five months after receiving the returned checks from the bank.

The bank returns checks to Treasury for a variety of reasons including NSF (not sufficient funds), account closed and payment stopped. Various departments within the City including BSED, the Department of Health and Wellness Promotion, and the Department of Public Works initially received these checks and deposited them through Treasury. Upon receipt from the bank, Treasury returns the checks to the original department for preparation of a reversing journal entry for the DRMS system. The departments are also responsible for collecting from the check writer funds to redeem the returned checks.

Treasury does not return the checks to the departments as received or within a reasonable time of receipt from the bank. Specifically, checks totaling \$41,951.80 were sent to BSED by Treasury on September 21, 2005 including checks written from May 25, 2005 through September 6, 2005. The next group of checks returned to BSED by Treasury was received on February 20, 2006 and totaled \$76,317.64. Checks in this group were dated from March 21, 2005 through January 26, 2006.

The "batching" of returned checks creates an uneven workflow for the department receiving them, makes collection more difficult and could result in the department accepting additional checks from a maker whose checks have been returned.

#### Recommendations

We recommend that the Treasury Division comply with Finance Directive 16. We also recommend that Treasury submit recommendations for updating Finance Directive 16 to the Finance Department. Finance Directive 16 which was issued on November 24, 1975 contains several obsolete procedures including the preparation of entries to the Financial Information Control System (FICS), the predecessor system to DRMS and collection of a \$10 dishonored check fee.

ATTACHMENT A

June 21, 2006

Loren E. Monroe, CPA
Auditor General
Office of the Auditor General
2 Woodward Avenue
Coleman A. Young Municipal Center, Room 208
Detroit, Michigan 48226

Dear Mr. Monroe:

The following presents the Buildings and Safety Engineering Department's response for the indicated findings and related recommendation in the March 2006 audit of the Buildings and Safety Engineering Department, Licenses and Permits Division – Cash Controls, as prepared by the Office of the Auditor General.

#### Finding No. 1. Theft of Cash Receipts Totaled \$40,633

#### Recommendations:

Recommend that cash receipts be deposited daily and that it be kept in a secure location. Recommend that cash received to redeem returned checks be processed daily along with the daily cash receipts.

#### Department's Response:

Cash receipts are being deposited daily and the Department has secured a theft proof safe in a secure location for any cash receipts which will not be deposited the same day.

All cash received to redeem returned checks are processed daily and deposited with the daily cash receipts.

#### Finding No. 2. Deposit All Cash Within 48 Hours of Receipt

Recommend that the Department comply with Finance Directives 18 and 20 and deposit all cash receipts within 48 hours of receipt.

#### <u>Department's Response:</u>

The Department is complying with Finance Directives 18 and 20 and cash receipts are deposited within 48 hours of receipt except for the large volume of checks that are received during the

batch processing of annual and biennial mail receipts (checks) that have to be processed from two different modules and reconciled both in Tidemark, LPBS before posting to the DRMS financial module. However, all checks that are not processed upon receipt are secured in a safe location. The Department is investigating the possibilities of a "Lock Box" with Comerica Bank.

#### Finding No. 3. Establish a Procedure to Receive and Record All Cash Received Via U.S. Mail

Recommend that a mail log be maintained for all cash received via U.S. mail. The log should include the payer's name, check number and amount, date received, purpose or case number, and forwarding division information, if applicable. Processing mail receipts through a third-party lock box service should also be considers.

Recommend that the Division separate all cash receipts from licenses and permit applications or other documents that are forwarded to another areas of B&SED for processing, and that the Division safeguard the cash receipts until processing is completed. Management should periodically review the mail log to ensure these cash receipts are not being held longer than necessary.

#### Department's Response:

The Department has a mail log in process for all checks received via U.S. mail, although this process was discontinued due to the volume of checks that the Department receives during the annual and biennial billings for signs, elevators and awnings. We are investigating a single bill system that can reduce the volume of checks that we receive on a daily basis. We will assign some employees to log these checks upon receipt. We are also investigating the lock box process with Comerica Bank and are weighing in on the cost and benefits.

We are adding more responsibilities to the Licenses and Permits division to handle all financial transactions of the Department in relations to cash receipts, recording and deposits. We also have a manager in the L&P area that will monitor the activities more closely to ensure employee compliance with established criteria.

#### Finding No. 4. Strengthen Physical Controls Over Cash and Implement Security Measures.

Recommend that the Division implement the specific security improvements outlined in the vulnerability assessment prepared by the Detroit Police Department including improvements to the construction of the cashier's cage; installation of security cameras; upgrading of safe equipment; improved management keys, combinations and access codes; and the use of alternative sites for the safekeeping of large amounts of cash over extended periods.

Also recommend that security training be provided on an ongoing basis to all personnel who are involved in cash handling and processing.



#### Department's Response:

The Department has reviewed the recommendations outlined in the Vulnerability Assessment conducted by the Detroit Police Department and we are working with the Detroit Wayne Joint Building Authority to implement some of the recommendations. The rest of the recommendations are capital improvements that would have to meet the approval of Budget and Finance Departments.

#### Finding No. 5. Develop Written Procedures for Processing and Safeguarding Cash

Recommend that written procedures be developed for all critical activities within the Division, particularly for those relating to the processing and safeguarding of cash.

#### Department's Response:

Written procedures and process documentation and policies are currently being implemented.

#### Finding No. 6. Revise Procedure for Processing Redeemed Return Checks

Recommend that the Division develop and implement a procedure for processing redeemed check proceeds on a daily basis, and that written procedures be developed to document the process.

#### Department's Response:

The written procedure for processing checks is in accordance with Finance Directive No. 20. All employees that handle cash have been provided with the copies of the directives and there is adequate supervision to ensure that these directives are being followed. Policies and responsibilities will be implemented as part of the Service Improvement Process.

Sincerely,

Amru Meah

Director



CITY OF DETROIT FINANCE DEPARTMENT TREASURY ADMINISTRATION Coleman A. Young Municipal Center 2 Woodward Ave., Suite 1010 DETROIT, MI 48226 PHONE 313-224-3540 FAX 313-224-3541 www.cl.detroit.ml.us

June 20, 2006

Loren E. Monroe, CPA
Auditor General
Office of the Auditor General
2 Woodward Avenue
Coleman A. Young Municipal Center, Room 208
Detroit, Michigan 48226

Dear Mr. Monroe:

The following presents the Finance Department's response for the indicated finding and related recommendation in the March 2006 audit of the Buildings and Safety and Engineering Department Licenses and Permits Division-Cash Controls, as prepared by the Office of the Auditor General.

### Finding No. 7 Non-compliance of Treasury Division with Finance Directive 16

#### Department's Response:

The Treasury Division is in concurrence with the recommendations of Office of the Auditor General as it relates to the above-mentioned finding. The staff is reviewing the current process for handling dishonored checks and will recommend changes to the Finance Department to reflect the current procedure and systems being used as well as current fees charged.

Treasury will recommend to the Finance Department that the updated Directive is communicated to all applicable agency personnel and ensure compliance.

Sincerely,

Jeffrey W. Beasley, Treasurer City of Detroit, Michigan